



**DEPARTMENT OF PERSONNEL**

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**MEMO PERD #18/00**

June 22, 2000

TO: Department Directors  
Division Administrators

FROM: Jeanne Greene, Director  
Department of Personnel

SUBJECT: Unemployment Compensation Assessment Increase for Fiscal Year 2001

The Department of Personnel administers the State Unemployment Compensation account for all participating employees in the Central Payroll System. This account is funded from a uniform assessment on gross salaries. The Employment Security Division (ESD) bills this account quarterly for actual benefits paid. In Fiscal Year 1999 the benefits paid from this account increased by 25% and are expected to increase by an additional 30% by the end of Fiscal Year 2000. These large increases are due to the following:

- Increases in the average weekly benefit amount
- Increases in duration of benefit payments
- Increases in the number of claims

These increases could not be foreseen and were not projected in the budget. Consequently, the current unemployment assessment rate of .11% is not sufficient to cover the incoming claims. Effective July 01, 2000, the Unemployment Compensation Assessment will be increased from .11% to .32%.

The need for this assessment increase prompted an in depth analysis of unemployment claims billed for the past three fiscal years. All claims were found to be accurate; however, this research showed that the State could benefit from improved claims management. The following steps will be taken in this area:

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- ESD has agreed to provide training to the appropriate agency personnel on the procedures to follow when an "Employer Notice of Claim Filed" is received by the agency. This training will be coordinated through the Department of Personnel and correspondence will follow to provide training schedule details.
- The Department of Personnel has implemented procedures to review all claims on each quarterly billing and follow-up with the agencies on questionable claims.

If you have any questions, please do not hesitate to contact Kim Foster, Administrative Services Officer, at 684-0102.

JG:cp

cc: Denice Miller, Senior Policy Advisor, Office of the Governor  
Agency Personnel Liaison  
Agency Personnel Representative